

## **Toronto Water 2023 Year End Capital Budget and 2024-2033 Capital Plan Adjustments**

**Date:** April 23, 2024  
**To:** Executive Committee  
**From:** General Manager, Toronto Water  
**Wards:** All

### **SUMMARY**

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This report requests City Council's authority to amend Toronto Water's Approved 2023 Capital Budget by adjusting project costs and cashflows to align with year-end expenditures and project progress. The adjustments will have a zero dollar impact on the 2023 Capital Budget.

This report also requests City Council's authority to amend Toronto Water's Approved 2024 Capital Budget and 2025-2033 Capital Plan by adjusting project costs and cashflows contained within the 10-Year Capital Budget and Plan, respectively, to align the 2024 Capital Budget and 2025-2033 Capital Plan with the final 2023 capital expenditures and project progress. The adjustments will have a zero dollar impact on the 2024 Capital Budget and 2025-2033 Capital Plan and will align the budget and plan with Toronto Water's capital project delivery schedule and program requirements.

### **RECOMMENDATIONS**

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#### **The General Manager of Toronto Water recommends that:**

1. City Council authorize the reallocation of cashflows and corresponding funding in the amount of \$33.877 million in 2023 for acceleration and deferral of projects within Toronto Water's approved 2023 Capital Budget and 2024-2032 Capital Plan, with offsetting acceleration and deferral cashflow and corresponding funding reallocation adjustments in the equal amount in 2024, 2025 and 2026 within Toronto Water's Approved 2024 Capital Budget and 2025-2033 Capital Plan to align with project delivery, as presented in Schedule A (Part A & B), with a zero Budget impact.
2. City Council authorize the reallocation of 2023 cashflows, project costs, and corresponding funding in Toronto Water's approved 2023 Capital Budget and 2024-2032 Capital Plan in the amount of \$0.902 million from projects that have been completed under budget to those requiring additional funding in the same amount as presented in Schedule A (Part C), with a zero Budget impact.

## FINANCIAL IMPACT

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In 2023, Toronto Water achieved a delivery rate of approximately 80% of its 2023 Approved Capital Budget of \$1,389 million.

The delivery of a number of projects proceeded ahead of the forecast, exceeding the 2023 cash flow forecasts while some others fell behind schedule or experienced reduced expenditures, resulting in the need to amend the 2023 Approved Budget to reflect project accelerations and deferrals as outlined in Schedule A (Part A & B).

The increases to the Approved 2024, 2025 and 2026 cashflows for projects that have been delayed as shown in Schedule A - Part B are offset by decreases for projects that have proceeded ahead of the forecast in 2023 as shown in Schedule A - Part A, resulting in no additional costs.

Some projects experienced lower than anticipated invoicing in 2023, while some other projects were completed under budget. As a result, funding from these projects is available for reallocation to address projects that incurred additional expenditures in 2023 as outlined in Schedule A (Part C).

There are no additional costs to the City as a result of the approval of this report. The recommended adjustments will align the 2023 Capital Budget with final year end expenditures and align the Approved 2024 Capital Budget and 2025-2033 Capital Plan with Toronto Water's capital project delivery schedule and program requirements.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

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City Council at its meeting of February 14, 2024 - considered and debated the Mayor's Proposed Budget which was deemed adopted as amended by Council, including Toronto Water's 2024 Capital Budget and 2025-2033 Capital Plan, with a 2024 Capital Budget cash flow of \$1,273.362 million. The Council Decision Document can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2024.MPB15.1>

Toronto Water's 2023 Approved Capital Budget and 2024-2032 Capital Plan was adjusted by City Council on November 8 & 9, 2023 (EX9.9 - Toronto Water 2023 Capital Budget and 2024-2032 Capital Plan Adjustments) with a zero dollar impact on 2023 Approved Capital Budget and 2024-2032 Capital Plan. The City Council decision can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2023.EX9.9>

Toronto Water's 2023 Approved Capital Budget and 2024-2032 Capital Plan was adjusted by City Council on July 19 & 20, 2023 (EX6.11 - Toronto Water 2023 Capital Budget and 2024-2032 Capital Plan Adjustments) with a zero dollar impact on 2023 Approved Capital Budget and 2024-2032 Capital Plan. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX6.11>

Toronto Water's 2023 Approved Capital Budget and 2024-2032 Capital Plan was adjusted by City Council on May 10, 11 & 12, 2023 (EX4.7 - Toronto Water 2022 Year End Capital Budget and 2023-2032 Capital Plan Adjustments) with a zero dollar impact on 2022 Approved Capital Budget and 2023-2031 Capital Plan. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX4.7>

Toronto Water's 2023 Approved Capital Budget and 2024-2032 Capital Plan, through adjustment to the carry-forwards, was amended by City Council on May 10, 11 & 12, 2023 (EX4.4 - Adjustments to Capital Budget, Carry Forward Funding and Future Year Commitments) resulting in an overall budget increase in 2023 of \$5.782 million. The City Council decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX4.4>

City Council at its meeting of February 15, 2023 - considered and debated the Mayor's Proposed Budget which was deemed adopted as amended by Council, including Toronto Water's 2023 Capital Budget and 2024-2032 Capital Plan, with a 2023 Capital Budget cash flow of \$1,383.194 million. The Council Decision Document can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2023.MPB4.1>

## **COMMENTS**

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Toronto Water requires the amendment of the 2023 Approved Budget to align the cash flows with 2023 actual expenditures to better reflect capital project delivery and program requirements resulting from changes in project delivery schedules and in-year expenditures. As the majority of the projects are multi-year projects, a corresponding adjustment is required to Toronto Water's Approved 2024 Capital Budget and 2025-2033 Capital Plan to align with project delivery accelerations and deferrals.

The majority of capital projects being delivered for Toronto Water are multi-year complex infrastructure projects. Accelerated spending as listed in Part A of Schedule A can arise due to site conditions, favourable weather conditions, equipment deliveries ahead of schedule, coordination with other projects and/or facility operations, resolution of final payments or fee adjustments, and strong consultant/contractor performance. Where the 2023 Approved Capital Budget is recommended to be increased to align with accelerated project spending in 2023, the Approved 2024, 2025 and 2026 cashflows are recommended to be decreased by an equal amount.

Project under-spending, as listed in Part B of Schedule A, can arise from: delays in completing designs due to complexities within the infrastructure, unforeseen or complex ground/site conditions, consultant/contractor performance issues, projects nearing completion, resource constraints, and extended procurement phases. Where 2023 Approved Capital Budget is recommended to be decreased to align with delayed project

spending, the Approved 2024, 2025 and 2026 cashflows are recommended to be increased by an equal amount.

As outlined in Part C of Schedule A, additional project costs were incurred in 2023 due to higher than forecasted salary recoveries for the Engineering and Construction Services and to address a higher than forecasted need for infrastructure upgrades for Pumping Stations and Forcemains (Facility and Process Upgrades). Project costs and cashflows are available for reallocation due to lower than forecasted expenditures for Toronto Water salaries in 2023.

## **CONTACT**

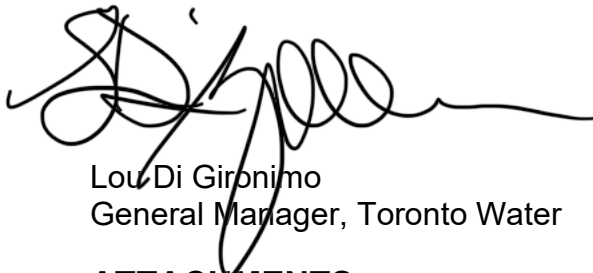
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## **SIGNATURE**

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Lou Di Gironimo  
General Manager, Toronto Water

## **ATTACHMENTS**

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Schedule A – Part A - Toronto Water 2023 and Approved 2024-2033 Budget Adjustments Reallocations due to Accelerations

Schedule A – Part B - Toronto Water 2023 and Approved 2024-2033 Budget Adjustments Reallocations due to Deferrals

Schedule A – Part C - Toronto Water 2023 Budget Adjustments Reallocations

## Toronto Water 2023 and 2024-2033 Budget Adjustments

### Schedule A

#### Part A - Toronto Water 2023 and Approved 2024-2033 Budget Adjustment Reallocations due to Accelerations

Program Area	Account Name	Account Number	Total Project Cost*	2023	2024	2025	2026	FUNDING SOURCE	
								Type	Details
TRANSMISSION WATERMAINS	DOWNSVIEW MAIN KEELE PS-DOWNSVIEW CONSTRUCTION	CPW041-06	71,331,211	2,827,031	(2,000,000)	(827,031)	0		
				(330,812)	0	330,812	0	R-Funds	XR6003
				(2,496,219)	2,000,000	496,219	0	DC	XR2111
BUSINESS & TECHNOLOGY SUPPORT	ENTERPRISE SYSTEMS INTEGRATION	CPW048-05	7,697,683	325,546	0	(325,546)	0	R-Funds	XR6003
WT - STORAGE & PS	RESERVOIR REHAB - PHASE 2 - CONSTRUCTION	CPW060-19	20,553,121	783,610	0	(783,610)	0	R-Funds	XR6003
				(783,610)	0	783,610	0	R-Funds	XR6003
WTP - PLANTWIDE	STANDBY POWER - PHASE 2 - CONSTRUCTION	CPW070-10	130,632,842	2,950,208	0	(2,950,208)	0		
				(2,665,288)	0	2,116,843	0	R-Funds	XR6003
				(211,105)	0	211,105	0	DC	XR2111
				(73,815)	0	622,260	0	Other	ROY
TRUNK SEWERS	TRUNK SEWER REHABILITATION	CWW014-17	126,040,770	2,145,540	(102,126)	(2,043,414)	0		
				(2,145,540)	102,126	2,043,414	0	R-Funds	XR6004
HUMBER TREATMENT PLANT	REPLACEMENT OF WASTE GAS BURNERS	CWW037-16	9,405,551	126,898	0	(126,898)	0		
				(126,898)	0	126,898	0	R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	DISINFECTION SYSTEM CONSTRUCTION	CWW039-02	225,899,038	4,603,102	0	(1,000,000)	(3,603,102)		
				(4,273,567)	0	928,447	3,345,120	R-Funds	XR6004
				(329,535)	0	71,553	257,982	DC	XR2112
ASHBRIDGES BAY TREATMENT PLANT	WASTE ACTIVATED SLUDGE UPGRADE-CONSTRUCTION	CWW043-06	151,285,829	1,490,255	(160,000)	(1,000,000)	(330,255)		
				(1,375,952)	140,918	928,413	306,620	R-Funds	XR6004
				(114,303)	19,082	71,587	23,635	DC	XR2112
HIGHLAND CREEK WASTEWATER TREATMENT PLANT	BMP IMPLEMENTATION ENHANCEMENTS-CONSTRUCTION	CWW047-04	18,037,235	970,751	0	(970,751)	0		
				(901,336)	0	901,336	0	R-Funds	XR6004
				(69,415)	0	69,415	0	DC	XR2112
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING RELIEF - GROUP 4 CONSTRUCTION	CWW421-17	485,837,850	2,683,039	(1,000,000)	(1,683,039)	0		
				(2,683,039)	1,000,000	1,683,039	0	R-Funds	XR6004

**Part A - Toronto Water 2023 and Approved 2024-2033 Budget Adjustment Reallocations due to Accelerations  
(Cont'd)**

Program Area	Account Name	Account Number	Total Project Cost*	2023	2024	2025	2026	FUNDING SOURCE	
								Type	Details
BASEMENT FLOODING PROTECTION PROGRAM	BF TUNNEL - CONSTRUCTION	CWW421-22	338,837,567	8,884,922	(5,000,000)	(3,884,922)	0		
				(17,425,345)	3,163,516	2,550,671	0	R-Funds	XR6004
				(874,421)	596,398	278,024	0	DC	XR2112
				9,414,844	1,240,086	1,056,227	0	Other	DMAF
BASEMENT FLOODING PROTECTION PROGRAM	BF TUNNEL - CONTRACT ADMIN	CWW421-25	23,433,605	253,873	0	(253,873)	0		
				(722,896)	0	168,367	0	R-Funds	XR6004
				(18,149)	0	18,149	0	DC	XR2112
				487,172	0	67,357	0	Other	DMAF
WET WEATHER FLOW	SWM CONVEYANCE 2017	CWW447-15	8,222,701	498,440	(218,000)	(280,440)	0		
				(452,471)	192,353	260,118	0	R-Funds	XR6004
				(45,969)	25,647	20,322	0	DC	XR2113
NEW SEWERS	WATERFRONT SANITARY MASTER SERVICE	CWW453-03	273,417,384	519,874	(519,874)	0	0		
				(259,937)	259,937	0	0	R-Funds	XR6004
				(259,937)	259,937	0	0	DC	XR2112
PS & FORCEMAINS	SPS UPGRADES - GROUP 6	CWW476-05	33,575,011	2,450,110	0	0	(2,450,110)		
				(2,274,704)	0	0	2,274,704	R-Funds	XR6004
				(175,406)	0	0	175,406	DC	XR2112
WET WEATHER FLOW	DON & WATERFRONT TRUNK/CSO PHASE 1 - DESIGN	CWW480-01	63,689,599	2,363,574	(1,000,000)	(1,363,574)	0		
				(2,146,695)	880,766	1,265,929	0	R-Funds	XR6004
				(216,879)	119,234	97,645	0	DC	XR2112
	<b>SUBTOTAL - PART A</b>			<b>33,876,773</b>	<b>(10,000,000)</b>	<b>(17,493,306)</b>	<b>(6,383,467)</b>		

\*No change in approved project costs.

**Note:** For each project (account) requested adjustments to cash flows are shown in the top line, while the bottom line(s) reflect corresponding adjustments to funding sources.

## Schedule A

### Part B - Toronto Water 2023 and Approved 2024-2033 Budget Adjustment Reallocations due to Deferrals

Program Area	Account Name	Account Number	Total Project Cost*	2023	2024	2025	2026	FUNDING SOURCE	
								Type	Details
ASHBRIDGES BAY TREATMENT PLANT	OUTFALL CONSTRUCTION	CWW039-06	270,560,209	(5,665,000)	0	5,165,000	500,000		
				5,011,875	0	(4,569,521)	(442,354)	R-Funds	XR6004
				653,125	0	(595,479)	(57,646)	DC	XR2112
PS & FORCEMAINS	SUNNYSIDE SPS - WETWELL	CWW476-11	1,100,000	(900,000)	0	300,000	600,000		
				792,450	0	(264,150)	(528,300)	R-Funds	XR6004
				107,550	0	(35,850)	(71,700)	DC	XR2112
WET WEATHER FLOW	DON & WATERFRONT TRUNK/CSO CONSTRUCTION	CWW480-03	430,311,268	(6,394,000)	0	6,394,000	0		
				5,651,483	0	(5,651,483)	0	R-Funds	XR6004
				742,517	0	(742,517)	0	DC	XR2112
WET WEATHER FLOW	ASHBRIDGES BAY LANDFORMS	CWW447-13	91,732,090	(5,000,000)	2,000,000	3,000,000	0		
				5,000,000	(2,000,000)	(3,000,000)	0	R-Funds	XR6004
ASHBRIDGES BAY TREATMENT PLANT	M & T PUMPING STATION REBUILD	CWW040-08	1,232,365,173	(6,371,000)	4,500,000	0	1,871,000		
				5,611,124	(3,963,280)	0	(1,647,844)	R-Funds	XR6004
				759,876	(536,720)	0	(223,156)	DC	XR2112
BASEMENT FLOODING PROTECTION PROGRAM	BASEMENT FLOODING RELIEF GROUP 4 CONSTRUCTION DC	CWW421-23	301,176,925	(9,546,773)	3,500,000	2,634,306	3,412,467		
				8,408,017	(3,082,514)	(2,320,081)	(3,005,422)	R-Funds	XR6004
				1,138,756	(417,486)	(314,225)	(407,045)	DC	XR2112
	<b>SUBTOTAL-PART B</b>			<b>(33,876,773)</b>	<b>10,000,000</b>	<b>17,493,306</b>	<b>6,383,467</b>		

\*No change in approved project costs.

**Note:** For each project (account) requested adjustments to cash flows are shown in the top line, while the bottom line(s) reflect corresponding adjustments to funding sources.

## Schedule A

### Part C - Toronto Water 2023 Budget Adjustment Reallocations

Program Area	Account Name	Account Number	Total Project Cost	2023	2024	2025	2026	Revised Project Cost	COMMENTS	FUNDING SOURCE	
										Type	Details
LINEAR ENGINEERING	ECS SALARIES	CPW545-10	142,369,395	260,011	0	0	0	142,629,406	Higher than forecasted salary recoveries in 2023 for the Engineering and Construction Services Division.		
				(260,011)	0	0	0			R-Funds	XR6003
LINEAR ENGINEERING	ECS SALARIES	CWW470-07	142,883,372	260,011	0	0	0	143,143,384	Higher than forecasted salary recoveries in 2023 for the Engineering and Construction Services Division.		
				(260,011)	0	0	0			R-Funds	XR6004
PUMPING STATION & FORCEMAIN PROGRAM	FACILITY & PROCESS UPGRADES	CWW476-08	9,453,899	382,234	0	0	0	9,836,133	Higher than forecasted need for infrastructure repairs and renewal.		
				(382,234)	0	0	0			R-Funds	XR6004
	<b>SUBTOTAL-PART C</b>			<b>902,256</b>	<b>0</b>	<b>0</b>	<b>0</b>				
LINEAR ENGINEERING	TW SALARIES	CWW470-08	25,995,970	(902,256)	0	0	0	25,093,714	Lower than forecasted salary recoveries.		
				902,256	0	0	0			R-Funds	XR6004
	<b>SUBTOTAL-PART C</b>			<b>(902,256)</b>	<b>0</b>	<b>0</b>	<b>0</b>				

**Note:** For each project (account) requested adjustments to cash flows and project costs are shown in the top line, while the bottom line(s) reflect corresponding adjustments to funding sources.